

**REPORT OF THE AUDIT OF THE  
BALLARD COUNTY  
CLERK**

**For The Year Ended  
December 31, 2014**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BALLARD COUNTY CLERK**

**For The Year Ended  
December 31, 2014**

The Auditor of Public Accounts has completed the Ballard County Clerk's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statement presents fairly in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees increased by \$40,057 from the prior year, resulting in excess fees of \$78,322 as of December 31, 2014. Receipts decreased by \$18,369 from the prior year and disbursements decreased by \$58,426.

#### **Report Comments:**

- 2014-001 The Ballard County Clerk's Office Lacks Adequate Segregation Of Duties
- 2014-002 The County Clerk Should Strengthen Internal Controls Over Timekeeping
- 2014-003 The Clerk Should Maintain Accurate Receipts And Disbursements Ledgers
- 2014-004 The Ballard County Clerk Had \$45 Of Disallowed Disbursements
- 2014-005 The County Clerk Should Strengthen Internal Controls Over Charges And Receivables

#### **Deposits:**

The County Clerk's deposits as of April 7, 2014, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$125,227

The County Clerk's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the County Clerk's deposits in accordance with the security agreement.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying statement of receipts, disbursements, and excess fees - regulatory basis of the County Clerk of Ballard County, Kentucky, for the year ended December 31, 2014, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the County Clerk on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Clerk, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 2015 on our consideration of the Ballard County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ballard County Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.



The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

**Other Reporting Required by Government Auditing Standards (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2014-001 The Ballard County Clerk's Office Lacks Adequate Segregation Of Duties
- 2014-002 The County Clerk Should Strengthen Internal Controls Over Timekeeping
- 2014-003 The Clerk Should Maintain Accurate Receipts And Disbursements Ledgers
- 2014-004 The Ballard County Clerk Had \$45 Of Disallowed Disbursements
- 2014-005 The County Clerk Should Strengthen Internal Controls Over Charges And Receivables

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a stylized flourish at the end.

Adam H. Edelen  
Auditor of Public Accounts

June 3, 2015

BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

State Grants	\$ 3,586
HB 537 Revenue Supplement	64,618
State Fees For Services	3,547
Fiscal Court	20,514

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 360,695
Usage Tax	925,221
Tangible Personal Property Tax	921,760
Lien Releases	5,306

Other-

Fish and Game Licenses	23,470	
Marriage Licenses	2,627	
Notary Fees	1,962	
Occupational Licenses	1,160	
Deed Transfer Tax	19,399	
Delinquent Tax	<u>112,217</u>	2,373,817

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts	7,045
Real Estate Mortgages	10,380
Chattel Mortgages and Financing Statements	27,736
Powers of Attorney	711
All Other Recordings	16,044

Charges for Other Services-

Copywork	3,078	
Postage	<u>2,041</u>	67,035

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY  
 LYNN LANE, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Receipts (Continued)

Other:

Web Renewals	\$	946	
Refunds		2,345	
Candidate Filing Fee		1,690	
Miscellaneous		<u>7,165</u>	\$ 12,146

Interest Earned			<u>32</u>
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Total Receipts			2,545,295
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	272,035	
Usage Tax		897,464	
Tangible Personal Property Tax		329,994	

Licenses, Taxes, and Fees-

Fish and Game Licenses		23,171	
Delinquent Tax		10,968	
Legal Process Tax		7,380	
Affordable Housing Trust		10,176	
Marriage Licenses		<u>1,026</u>	1,552,214

Payments to Fiscal Court:

Tangible Personal Property Tax		136,516	
Delinquent Tax		16,449	
Deed Transfer Tax		18,429	
Occupational Licenses		<u>775</u>	172,169

Payments to Other Districts:

Tangible Personal Property Tax		418,548	
Delinquent Tax		<u>50,310</u>	468,858

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY  
 LYNN LANE, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Disbursements (Continued)

Payments to Sheriff	\$	8,301	
Payments to County Attorney		15,401	
Tax Bill Preparation			
Operating Disbursements:			
Personnel Services-			
Deputies' Salaries	\$	95,838	
Part-Time Salaries		22,565	
Contracted Services-			
Local Records Grant		3,586	
Database Management Services		11,227	
Other Charges-			
Refunds		5,537	
Election Workers		14,855	
Miscellaneous		12,693	166,301
Total Disbursements			2,383,244
Less: Disallowed Disbursements			45
Total Allowable Disbursements			\$ 2,383,199
Net Receipts			162,096
Less: Statutory Maximum			76,264
Excess Fees			85,832
Less: Expense Allowance		3,600	
Training Incentive Benefit		3,910	7,510
Excess Fees Due County for 2014			78,322
Payment to Fiscal Court - February 13, 2015			78,277
Balance Due Fiscal Court at Completion of Audit			\$ 45

The accompanying notes are an integral part of this financial statement.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2014

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

BALLARD COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 3. Deposits

The Ballard County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Ballard County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of April 7, 2014, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the County Clerk's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured      \$125,227

Note 4. Grant

The Ballard County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$3,585. The grant account earned interest of \$1 throughout the year. All grant funds were expended as of December 31, 2014.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Vickie Viniard, Ballard County Judge/Executive  
The Honorable Lynn Lane, Ballard County Clerk  
Members of the Ballard County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of receipts, disbursements, and excess fees - regulatory basis of the Ballard County Clerk for the year ended December 31, 2014, and the related notes to the financial statement and have issued our report thereon dated June 3, 2015. The County Clerk's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Ballard County Clerk's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Ballard County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ballard County Clerk's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2014-001 and 2014-002 to be material weaknesses.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying comments and recommendations as items 2014-003 and 2014-005 to be significant deficiencies.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Ballard County Clerk's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2014-002 and 2014-004.


**County Clerk's Responses to Findings**

The Ballard County Clerk's responses to the findings identified in our audit are described in the accompanying comments and recommendations. The County Clerk's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

June 3, 2015

## COMMENTS AND RECOMMENDATIONS



BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2014

FINANCIAL STATEMENT FINDINGS:

2014-001 The Ballard County Clerk's Office Lacks Adequate Segregation Of Duties

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The Ballard County Clerk's Office lacks adequate segregation of duties over the accounting and reporting functions of the clerk's office. The County Clerk is required to perform multiple tasks such as the collection of cash from customers, the daily bookkeeping function, preparation of weekly/monthly reports, bank reconciliations, and the preparation of checks for disbursements.

A lack of segregation of duties or strong oversight increases the risk that errors could occur and not be detected. This condition is the result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to.

A proper segregation of duties over these tasks or the implementation of compensating controls, when limited by the number of staff, is essential for providing protection against the misappropriation of assets and/or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

To offset this lack of segregation of duties, the County Clerk has implemented some compensating controls such as the comparison of daily reports to the deposit and initialing the deposits, all of which are documented in the County Clerk's records. Although these compensating controls are in place, they are not sufficient enough to fully offset the lack of segregation of duties. We recommend the Clerk segregate the duties noted above by allowing different deputies to perform these functions. For those duties that cannot be segregated due to a limited number of staff, strong oversight should be provided to the employee or employees responsible for these duties.

*County Clerk's Response: I will ask a deputy to reconcile bank statement each month and compare it to mine.*

2014-002 The County Clerk Should Strengthen Internal Controls Over Timekeeping

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Audit testing over payroll revealed material weaknesses and non-compliances with timekeeping. Testing procedures revealed that the County Clerk did not require her employees to maintain timesheets. Procedures also revealed the County Clerk was also not maintaining leave balances or recording when employees use annual or sick leave.

According to KRS 337.320(1)(b), every employer should keep a record of the hours worked each day and each week by each employee. This function ensures that employees are being properly compensated for the hours actually worked. Maintaining leave balances is another important control that ensures employees are receiving the time that they are due and that they are using leave in accordance with county and office policies. Since the County Clerk failed to maintain timesheets and leave balances, she was not in compliance with KRS 337.320. Furthermore, the failure to maintain timesheets and leave balances leaves the County Clerk susceptible to disputes regarding payroll and/or compensated leave.

BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2014  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2014-002 The County Clerk Should Strengthen Internal Controls Over Timekeeping (Continued)

We recommend that the County Clerk comply with KRS 337.320 and keep timesheets for all employees. These timesheets should include the hours worked by the employee each day and should be signed by the employee and his/her supervisor. We also recommend that the County Clerk use these timesheets to maintain leave balances for all employees.

*County Clerk's Response: I will keep separate time sheets for each employee and have them initial them.*

2014-003 The Clerk Should Maintain Accurate Receipts And Disbursements Ledgers

During audit testing, auditors noted several instances in which transactions were posted to the wrong account or were not recorded at all. Weaknesses, such as a lack of review of ledger postings and proper bank reconciliations, resulted in errors or misstatements on the Clerk's 4<sup>th</sup> Quarter Financial Statement and annual settlement of excess fees.

Maintaining accurate receipts and disbursements ledgers is needed in order to ensure accurate reporting of revenues and expenditures. Maintaining accurate receipts and disbursements ledgers also helps ensure that excess fees are properly paid over to the fiscal court.

We recommend that the Clerk maintain complete and accurate receipts and disbursements ledgers, and perform a thorough review of the quarterly report by comparing it to the receipts and disbursements ledgers. Also, reconciling bank receipts and disbursements to the receipts and disbursements ledgers will also provide assurance that the receipts and disbursements ledgers are accurate.

*County Clerk's Response: I will strive to improve the ledger.*

2014-004 The Ballard County Clerk Had \$45 Of Disallowed Disbursements

The Ballard County Clerk had \$45 of disallowed disbursements for calendar year 2014. These disbursements were for a warehouse club membership that was used personally and are disallowed due to their personal nature.

In accordance with Funk vs. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature. Given the fact that these expenditures did not meet the necessary criteria, they have been disallowed.

Disallowed disbursements should be repaid with a deposit of personal funds, therefore, we recommend that the Ballard County Clerk repay \$45 from her personal funds to the Ballard County Fiscal Court.

*County Clerk's Response: Receipts will be kept in future and will pay this to Fiscal Court.*



BALLARD COUNTY  
LYNN LANE, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2014  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2014-05    The County Clerk Should Strengthen Internal Controls Over Charges And Receivables

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During the audit, auditor noted that the County Clerk is allowing certain customers to charge business. Further observation revealed that there were instances in which it could not be determined with certainty that all charges had been collected. If the County Clerk is going to continue to allow customers to charge business, she should implement strong internal controls to ensure that all charges are collected in a timely matter.

Failure to implement strong internal controls over charges could result in money owed never being collected. It could also lead to the combining of fees from multiple years when those charges are allowed to run from one year to another.

We recommend that the County Clerk maintain a detailed listing that records the date, name of customer, and amount owed. This listing should be monitored closely and each one should be marked paid when payment is received. Any amounts owed at the end of the calendar year should be turned over to the county attorney for collection.

*County Clerk's Response: I will keep a detailed list of charges.*

